APPLICATION PROCEDURE GUIDELINES FOR A COMMERCIAL CANNABIS BUSINESS (CCB)

Information regarding the commercial cannabis business application process can be found on the City’s website at www.sbcity.org and may include the following:

- A Commercial Cannabis Business (CCB) Permit Application Form
- Local regulations governing the CCBs: City of San Bernardino Municipal Code (SBMC) Chapter 5.10
- Live Scan form
- Additional application information: Ordinance No. MC-1464.
- Local Development Code – Title 19

The application process to operate a Commercial Cannabis Business (CCB) in the City of San Bernardino will open on April 23, 2018 and will close at 4:00PM on June 25, 2018. However, if all seventeen (17) licenses allowed under Chapter 5.10 (Commercial Cannabis Activity) are not issued during the first round of review, the City will open a second round of applications at a date to be determined. Applications are available at the Community Development Department located at 201 North E Street, San Bernardino, CA, 92401. For additional questions or information please contact the City Community Development Department at (909) 384-7272.

CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may also modify, postpone, or cancel the request for permit applications without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any candidate submitting an application. Late or incomplete applications MAY BE REJECTED. Furthermore, an application RISKS BEING REJECTED for the following reasons:

1. It is considered not fully responsive to this request for a permit application.
2. It contains excess or extraneous material not called for in the request for CCB permit application.

AMENDMENTS TO THE APPLICATION

Applicants may not be allowed to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures or authorized in writing by the City.

During Phase 1, applicants will be notified if any of the Owners are ineligible and/or if their application is incomplete and may not move forward in the application process.

However, in some cases the City may move forward in the application process to other phases should it anticipate that the Live Scan will take a significant amount of time to be returned to the City. In this case, Applicants wishing to move forward in the process acknowledge by signing the application that they agree to these terms and should they be disqualified as a result of a background or a Live Scan, they will not be eligible for a refund of any fees collected resulting from the modification of this procedure.

PLEASE READ CAREFULLY BEFORE COMPLETING THE APPLICATION. FAILURE TO SUBMIT A COMPLETE APPLICATION COULD RESULT IN DISQUALIFICATION.
The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a business permit to participate in the selection process to operate a CCB in San Bernardino:

**Prior to submitting a CCB application:**

- Zoning Verification Letter (ZVL) application
  - The Business Owner must obtain an approved Zoning Verification Letter (ZVL) from the Community Development Department, located at 201 North E Street, prior to submitting a CCB application, to ensure that the proposed CCB location meets the City’s locational requirements. The City’s review process for the ZVL takes approximately ten (10) working days. The ZVL requires a written request to the Community Development Department and will not be completed over the counter since it may require additional research and review.
  - The issuance of a ZVL does not imply written evidence of permission given by City or any of its officials to operate a CCB, nor does it not mean “PERMIT” within the meaning of the Permit Streamlining Act, nor does it constitute an entitlement under the Zoning or Building Code. A regulatory permit for the purpose of regulating a CCB does not constitute a permit that runs with the land on which the CCB is established.

All fees below shall become effective on June 4, 2018

**Phase 1: Application Submittal and Determination of Eligibility (Fee: $2,647 + $300 Background Check per Business Owner + $132 LiveScan per Business Owner)**

- An approved Zoning Verification Letter from the Community Development Department stating that the property where the CCB is proposed to operate complies with the locational requirements of SBMC Chapter 5.10.
- Indemnification Agreement
  - Applicant executes an agreement indemnifying the City from liability.
- Live Scan/Criminal History Check (The Live Scan/Background fee must be submitted along with the Phase 1 application fees)
  - Each Business Owner as described in SBMC Section 5.10.050 (an) must undergo a Live Scan and criminal history check demonstrating compliance with the eligibility requirements of SBMC Section 5.10.310 (m) for background checks. The Live Scan process involves submitting fingerprints to the DOJ/FBI to review for criminal offender record information (CORI). CORI reports will be provided to City for the sole purpose of determining eligibility for operating a CCB. Owners/Principals who do not meet criminal history eligibility requirements will be disqualified.
  - Please note the Live Scan process may be delayed due to the pending of the approval of the DOJ/FBI authorization. Once the City has received authorization they will post the Live Scan submittal due date on the City website. Furthermore, the Live Scan must be conducted by the San Bernardino Police Department (SBPD). Applicants will be required to make an appointment in advance to ensure the proper SBPD staff is available. Due to limited staff resources, you are encouraged to schedule your appointment as early as possible once the due date has been posted on the City website. The City cannot guarantee that it will be able to accommodate applicants who do not submit for LiveScan and Background after the application period opens on April 23, 2018. Failure to pass the LiveScan or Background Check in a timely manner may result in the application being disqualified.
- Applications and Background Check Form(s) (Applications must be complete to be considered. Applications will be considered complete only if they include all information required above):
A complete application will consist of the following:

1. Complete, signed copy of the Commercial Cannabis Business Permit Application Form;
2. Proof of Live Scan fee payment for each of the Owners/Principals;
3. Zoning Verification Letter
4. All supplemental information to be evaluated in Phases 1, 2 and 3, as described in APPENDIX A.

Applicants must submit two (2) original copies of the complete application, each in a three-ring binder; one (1) copy of the complete application in PDF format on an electronic device (i.e. flash drive or cd) with the associated Phase 1 fee. Payment must be made by credit card or certified check, cashier’s check, or money order made payable to “City of San Bernardino”. The City will not accept cash and application fees are non-refundable.

Only the following information may be submitted after the initial application is received:

- Proof of property ownership or lease agreement.
- Should the Business Owner change locations after the application binder is submitted, a new ZVL is required and must be submitted with the application binder prior to Phase 3 of the selection process. Business Owners may only submit a different location if the initial proposed site was eligible.

International background check info: ITIN or US issued Social Security Number and Driver’s License.

Fill out background waiver form.

**Phase 2: Application Evaluation and Initial Ranking (1,500 Points) (Fee: $2,034)**

- Applications will be evaluated and ranked by Hdl Companies based on the below criteria.
- Please see APPENDIX A for a description of the evaluation criteria.
  
  - Location (200 Points)
  - Business Plan (400 Points)
  - Neighborhood Compatibility Plan (300 Points)
  - Safety Plan (300 Points)
  - Security Plan (300 Points)

Those applicants which successfully complete Phase 2 with a passing score of at least 80% will move on to Phase 3 of the application process.

**Phase 3: Interviews and Second Ranking (2,500 Points) (Fee: $1,708)**

Those applicants which meet the requirements to move on to Phase 3 will be interviewed and evaluated by the City’s Selection Committee.

Prior to the scheduling of interviews:

- Each of the Applicants may be required to have their proposed site inspected by the assigned City designee, if there is an existing building structure, to ascertain current conditions of the facility.
- At the City’s sole discretion, one Owner/Principal from each application may be required to pass a Cannabis Expertise Examination that demonstrates a working knowledge of state and local compliance standards as well as the Attorney General’s Guidelines on Medicinal Cannabis.
Please see APPENDIX A for a description of the evaluation criteria.

- Applicant will be interviewed and evaluated based on the below criteria

  - Qualifications of Principals (300 Points)
  - Location (proof of ownership or a signed and notarized statement of intent from the Property Owner) (200 Points)
  - Neighborhood Compatibility Plan (200 Points)
  - Environmental Impact Mitigation (300 Points)
  - Local Enterprise (400 Points)
  - Business Plan (300 Points)
  - Enhanced Product Safety (200 Points)
  - Safety Plan (150 Points)
  - Security Plan (150 Points)
  - Community Benefits (300 Points)

All applicants interviewed as part of Phase 3 shall be ranked based on the above criteria and all applications will move on to Phase 4.

**Phase 4: Public Meeting and City Council Final Selection (Fee: $1,237)**

- Selection Committee Recommendation to City Council
  
  - A notice of public meeting must be provided pursuant to 5.10.180 (c). Notices shall be sent to all property owners located within six hundred (600) feet of the proposed business locations of each of the applicants in Phase 4. The cost of providing this notification will be paid by the applicants as part of the Phase 4 fee.
  
  - Following the objective ranking of the application materials and interview process, which together constitute Phase 3, the City Manager shall prepare a report bringing forward to the Mayor and City Council the Selection Committee’s recommendations for the final ranking of the applications.

- Mayor and City Council Final Selection
  
  - Mayor and City Council will meet to review every application and the Selection Committee’s recommendations.
  
  - The City Council will select up to 17 applicants for permits, depending on the number of permits provided for in each category or as those permit number may be changed by Resolution.

*Being awarded a CCB permit does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for any and all construction including electrical, plumbing, fire, planning permits or reviews, and any other permits, licenses, or reviews as may be necessary by the relevant departments or governmental entities in charge of said permits. Nor does it guarantee that the plans submitted via the CCB application process meet the standards or requirements of those permitting departments. All permit awardees will still be required to complete all the permitting processes for the proposed construction or occupation of the facility.*
APPENDIX A

DESCRIPTION OF EVALUATION CRITERIA

Qualifications of Owners/Principals: Describe any special business or professional qualifications or licenses of the Owners/Principals that would add to the number or quality of services, such as scientific or health care fields.

Location: The application should include the following:

- Physical address and detailed description of the proposed/final location.
- Proof of ownership, or a notarized letter of the owner’s willingness to lease.
- Description of all known nearby sensitive use areas.

Neighborhood Compatibility Plan: The application should include the following:

Describe how the business, including its exterior areas and surrounding public areas, will be managed so as to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.

- Additional factors for consideration are religious institutions or libraries located within a six-hundred (600) foot radius of the proposed CCB.

Environmental Impact Mitigation: Describe any proposed “green” business practices relating to energy and climate, water conservation, and materials and waste management.

Local Enterprise: Describe to what extent the CCB will adhere to heightened pay and benefits standards and practices. Specific practices that are subject to consideration include the following:

- Providing compensation to and opportunities for continuing education and training of employees/staff;
- The application should state the extent to which the CCB will be a locally managed enterprise whose Owners/Principals reside within the City and/or within San Bernardino County.

Business Plan: The Business Plan shall be as detailed as necessary to fully describe the operations, including:

- Description of day-to-day operations. SBMC Section 5.10.310.
- How the CCB will conform to local and state laws per SBMC Section 5.10.280 and SBMC Section 5.10.420 and the Attorney General’s Guidelines for the Security and Non-Diversion of Marijuana Grown for Medicinal Use.
- How cannabis inventory will be tracked and monitored to prevent diversion.
- A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
- A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.
- Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.
- A pro forma for at least three years of operation.

Enhanced Product Safety: Describe how the CCB will ensure enhanced consumer safety as required by State or local law.
Safety Plan: The application should include the following:

- A detailed safety plan. This plan should describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. It should include an assessment of the facility’s fire safety by a qualified fire prevention and suppression consultant. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation.

Security Plan: The application should include the following:

- A detailed security plan. This plan should include a description and detailed schematic of the overall facility security. It should have details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, 3rd party contractor security, and delivery security. In particular, applications should address ingress and egress access, perimeter security, product security (at all hours), internal security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed. The security plan shall also include an assessment of site security by a qualified security consultant. Security plans will not be made public.

- A floor plan showing existing building conditions. If changes are proposed as part of the project, then a proposed floor plan should also be submitted. The floor plan(s) should be accurate, dimensioned and to-scale (minimum scale of 1/4”). The scale maybe smaller if it exceeds more than a 1/2 acre parcel but must be printed on not larger than an 11 X 17 sheet of paper.

Community Benefits: Describe the benefits that the CCB would provide to the local community, such as employment for local residents of the City, community contributions, or economic incentives to the City. Specific items that are subject to consideration include the following:

- How does the type of license requested benefit the community and assure an appropriate mix of license types Citywide?

- Does the applicant provide an effective community outreach plan for nearby owners and operators?

- Does the applicant describe credible benefits to the overall community, local economy, and any community or non-profit contributions or affiliations?

- Does the applicant propose to include one or more of the following business types:
  - Coffee Shop
  - Art Studio
  - Museum